



## THE CITY OF SAN DIEGO

Ladies and Gentlemen:

I am pleased to present the City's Fiscal Year 2007 Budget, the first to be presented by a "strong mayor" under our new form of government. The budget is one important element of the Financial Recovery Plan that I announced last week.

The total combined budget for FY07 is \$3.0 billion including \$1.4 billion for General Fund operations.

This proposed budget publication is streamlined in comparison to prior years. This year, the budget is presented in a single volume, streamlined and reader-friendly format. All supporting detailed information is available in the Financial Management Information System. In addition, the budget is posted on the City's website at [www.sandiego.gov](http://www.sandiego.gov).

I believe that my budget proposal will get the city moving again in the right direction and will bring fundamental change to City Hall. But no budget can solve, in twelve months, the problems that were created as a result of decades worth of neglect.

During my State of the City address in January, I promised that I would release an honest, transparent and structurally sound budget and I believe we have achieved that goal. Unlike the budgets of the past that were designed to solely balance, this budget accurately projects City revenues and expenses.

Highlights include increasing the budgets of the San Diego Police and Fire departments by \$38 million to address long-ignored needs; no further cuts to the parks and library departments as well as cultural and economic development programs funded by the City; a substantial contribution to the beleaguered Pension System; funding a portion of the City's backlog of deferred maintenance; and increasing our rainy-day reserves.

While this budget begins to address some of the significant issues facing the City, there are still a number of initiatives that will have to be addressed during the coming year. These include deferred maintenance; adequate funding for retiree medical costs; and improved fiscal policies and internal controls to insure that the problems which have crippled the City over the past few years do not happen again.

During the next three years, we plan to examine and redesign virtually every process and system of City government. When combined with the Managed Competition reform I've proposed for the November ballot, we will have the tools to create a new model for effective city government.

One of my key priorities this coming fiscal year will be to regain access to the public credit markets. Our ability to bond for major infrastructure projects will be critical to our ability to get the City back on track.

I look forward to working with the City Council as they consider and eventually adopt a budget for the coming fiscal year. I also look forward to the public's critical input as part of this important civic process. What I offer you today is the promise, after years of distrust, that our city can once again begin to earn the trust of its citizens.

Sincerely,

A handwritten signature in black ink that reads "Jerry Sanders". The signature is written in a cursive, flowing style.

JERRY SANDERS

Mayor